GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:3857
ANSWERED ON:22.12.2015
Price of Urea/Fertilizer
Biju Shri Parayamparanbil Kuttappan;Biswas Shri Radheshyam;Muddahanumegowda Shri S.P.;Nimmala Shri Kristappa

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

Will the Minister of CHEMICALS & FERTILIZERS be pleased to state:

(a) whether there is shortage of fertilizers including urea in the country and the cost of fertilizers in the country is higher than that of other countries, if so, the details thereof;

(b) whether the Government is considering to raise the prices of urea fertilizer, if so, the details thereof and the reasons therefor;

(c) the special measures taken/being taken by the Government to decrease the import of urea and increase its domestic production;

(d) whether several fertilizer plants coming under public sector enterprises are lying closed since years and if so, the efforts being made by the Government to revive these fertilizer plants; and

(e) whether the Government has any plans to reduce the price of fertilizers and make them available in the country as per demand, if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS

(SHRI HANSRAJ GANGARAM AHIR)

(a): Madam, there is no shortage of fertilizers including Urea in the country. Urea, DAP, MOP and NPK fertilizers for agricultural purposes are given at subsidized rates. In case of Urea, the MRP is statutorily fixed by the Government of India and is at present Rs. 5360/- per MT (exclusive of the central excise duty for the domestically produced urea, countervailing duty for the imported urea (which is 1% at present) and State VAT which differs from State to State). An extra MRP of 5% (of Rs. 5360/- per MT) is charged for neem coating. In respect of Phosphatic and Potassic (P&K) Fertilizers, Government is implementing Nutrient based Subsidy Policy w.e.f. 01.04.2010. Under the policy, a fixed amount of subsidy, decided on annual basis, is provided on subsidized P&K fertilizers depending on their nutrient content. Under this policy, MRP is fixed by fertilizer companies as per market dynamics. There is gap between requirement and production of fertilizers. To bridge the gap, fertilizers are imported in the country from different countries, cost of which is higher than the MRP at which the fertilizer is sold to the farmers. No official data is available regarding the cost of fertilizers in other countries.

(b): At present, there is no such proposal under consideration in Department of Fertilizers.

(c)& (d): Department of Fertilizers had announced New Investment Policy (NIP)-2012 on 2nd January, 2013 and its amendment on 07th October, 2014 to facilitate afresh investment in urea sector and to reduce import dependency.

Department of Fertilizers has announced New Urea Policy-2015 on 25th May, 2015 with objectives of maximizing indigenous urea production, promoting energy efficiency in the urea units; and to reduce the subsidy burden on the Government. Further, the Government has the following plans to increase the public investment in fertilizer sector: -

(i) The Union Cabinet in its meeting dated 21.05.2015 has approved setting-up of a Brownfield Ammonia Urea Complex of 8.646 LMTPA urea production capacity in Joint Venture with an estimated project cost of Rs 4412 Crores at the premises of BVFCL Namrup, Assam. The investment proposed is in Joint Venture mode with 48% equity to be allotted on nomination basis to PSUs viz M/s OIL (26%), M/s BVFCL (11%) & Government of Assam (11%). The remaining 52% equity will be allotted to Private/ Public entity through open bidding. The investor for 52% equity is yet to be identified.

(ii) The Government has also approved revival of Talcher and Ramagundam units of FCIL for setting up of 1.27 MTPA Ammonia-Urea Complex each at a total estimated cost of Rs 8700 crore and Rs 5300 Crore respectively. Talcher unit is to be revived through nomination route by a consortium of PSUs namely Rashtriya Chemicals and Fertilizers, GAIL India Ltd, Coal India Limited & FCIL. Ramagundam unit is to be revived through nomination route by a consortium of PSUs namely Engineers India Limited & National Fertilizers Limited & FCIL. The project activities are in its initial phase.

(iii) Government has also approved revival of the closed urea units of FCIL namely, Talcher, Gorakhpur, Sindri and Ramagundam& closed urea unit of HFCL namely Barauni through bidding route.

(e): The supply of fertilizers (Urea, DAP,MOP &NPK) in the country is in commensurate with the demand and availability is

satisfactory and at present there is no proposal in the Department of Fertilizers to reduce the price.